
FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 6.01.2009

Wall Street Journal: "Fed Mortgage Efforts Prove Costly ... The U.S. Federal Reserve's program to keep mortgage rates low by buying securities and Treasury bonds so far has been costly and seems to be having a fleeting impact."

Wall Street Journal: "New Era in Autos as GM Set for Bankruptcy ... General Motors Corp. will file for Chapter 11 bankruptcy early Monday, marking the humbling of an American icon that once dominated the global car industry and setting up a high-stakes gamble for U.S. taxpayers."

Wall Street Journal: "Remnants of 'Old GM' to Linger ... The Obama administration bills General Motors Corp.'s imminent bankruptcy as a fresh start for an American icon, saying it will unleash a lean competitor from court protection by summer's end. But the remnants of GM left behind pose financial and operational quandaries that could prove an ongoing drain on both taxpayers and the revitalized GM."

Wall Street Journal, Editorial: "The Obama Motor Co. ... Back in December, in an economy far, far away, then-CEO Rick Wagoner tossed out the scary cost to taxpayers of \$100 billion if General Motors wasn't saved by the government. Well, GM was saved in December and again in March, and as early as today the feds will rescue it a third time in a prepackaged bankruptcy that is already costing at least \$50 billion, and that's for starters. Welcome to Obama Motors, and what is likely to be a long, expensive and unhappy exercise in political car making."

Wall Street Journal, Pacepa: "What I Learned as a Car Czar ... They say history repeats itself. If you are like me and have lived two lives, you have a good chance of seeing the re-enactment with your own eyes. The current takeover of General Motors by the U.S. government and United Auto Workers makes me think back to Romania's catastrophic mismanagement of the car factories it built jointly with the French companies Renault and Citroen. I was Romania's car czar."

Financial Times, Reich: "General Motors holds a mirror up to America ... As president of General Motors when Eisenhower tapped him to become secretary of defence in 1953, "Engine Charlie" Wilson voiced at his Senate confirmation hearing what was then the conventional view. When asked whether he could make a decision in the interest of the US that was adverse to the interest of GM, he said he could."

USA Today: "Geithner assures China that Obama will bring down deficits ... Treasury Secretary Timothy Geithner sought to assure America's biggest creditors on Monday that the Obama administration is committed to attacking soaring budget deficits."

Washington Post: "In Cox Years at the SEC, Policies Undercut Action ... After Cox became SEC chairman in mid-2005, he adopted practices that undermined the enforcement division's efforts to investigate cases of corporate wrongdoing and punish those involved, according to interviews with 19 current and former SEC officials."

New York Times: "Even in Crisis, Banks Dig In for Fight Against Rules ... As the financial crisis entered one of its darkest phases in October, a handful of the nation's largest banks began holding daily telephone sessions. Murmurs were already emanating from Washington about the need for a wide-ranging regulatory overhaul, and Wall Street executives girded for a fight."

New York Times: "The 31-Year-Old in Charge of Dismantling G.M. ... It is not every 31-year-old who, in a first government job, finds himself dismantling General Motors and rewriting the rules of American capitalism."

New York Times, DealBook: "Putting a Price on Leaving the TARP ... On Wednesday, Sun Bancorp, a bank holding company based in New Jersey, announced that it was free of the government's Capital Purchase Program under the Emergency Economic Stabilization Act of 2008 - also known as the Troubled Asset Relief Program, or TARP."

New York Times, Editorial: "Owning G.M. ... President Obama owes American taxpayers and voters a candid and detailed explanation of the government's goals and the levers it intends to use to achieve them. He should make clear that the overarching objectives are to create a profitable company that makes cars that people want to buy, and that are more fuel-efficient."

New York Times, Krugman: "Reagan Did It ... For the more one looks into the origins of the current disaster, the clearer it becomes that the key wrong turn - the turn that made crisis inevitable - took place in the early 1980s, during the Reagan years."

Reuters: "Prudential to offer \$1.25 bln in stock ... Prudential Financial Inc (PRU.N), the No. 2 U.S. life insurer, said it will offer \$1.25 billion of its common stock, after turning down Federal aid from the U.S. Treasury's Capital Purchase Program."

Bloomberg: "Chrysler Wins Assent to Sell Assets to Fiat-Led Group ... Chrysler LLC won court approval to sell most of its business to a group led by Italy's Fiat SpA, a deal intended to fire up its idled manufacturing plants and resume an 84-year history of selling American cars."

Bloomberg: "GM Bankruptcy Filing Will Bring Taxpayer Ownership, Less Debt ... General Motors Corp., the world's largest automaker for 77 years, began filing for bankruptcy by putting a New York affiliate into Chapter 11, a landmark for

an industry that defined American economic might."

Fortune: "Meet the new, government-owned GM ... Bankruptcy will force lots of changes on the automaker, putting bureaucrats in the driver's seat."

The Hill: "Banking lobby opposed to overhaul tenets ... One of Washington's leading bank lobbies is opposed to key parts of an overhaul of the financial system that the Obama administration is considering and may outline as early as next week."